

Message Text

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14

ORIGIN EB-11

INFO OCT-01 EUR-25 ADP-00 TRSE-00 H-02 L-03 COME-00

CIAE-00 INR-10 NSAE-00 RSC-01 STR-08 /061 R

DRAFTED BY EB/ IFD/ OMA: WBMILAM

4/13/73 EXT: 20633

APPROVED BY EB/ IFD/ OMA: JKRIZAY

TREASURY - MR. PATRICK

EUR/ NE - MR. DAWKINS

TREASURY - MR. CANNER

----- 070852

R 132349 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY DUBLIN

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E. O. 11652: N/ A

TAGS: EFIN, EIND, PFOR, BGEN, EI

SUBJECT: U. S. TAX PROPOSALS

REF: DUBLIN 478, 484, 495, STATE 066161

1. PRESIDENT' S MESSAGE SUBMITTING TRADE REFORM ACT TO CONGRESS RECOMMENDED CERTAIN TAX CHANGES WHICH WOULD TAX U. S. SHAREHOLDERS OF CONTROLLED FOREIGN COMPANIES (I. E. FOREIGN SUBSIDIARIES OF U. S. PARENT CORPORATIONS) ON A CURRENT BASIS WHEN ADDITIONAL OR NEW INVESTMENT BENEFITS FROM TAX HOLIDAY OR FROM SUBSTANTIALLY LOWER FOREIGN TAX RATES WHEN 25 PERCENT OF PRODUCTION IS EXPORTED TO THE U. S. EXISTING INVESTMENT NOT AFFECTED BY THESE TWO PROPOSALS. MESSAGE ALSO REQUESTED CONGRESS TO CHANGE PROVISION ALLOWING DEDUCTION OF WORLDWIDE LOSSES FROM U. S. TAX WHILE ALLOWING FULL CREDIT FOR TAXES PAID OVERSEAS. CHANGES SUGGESTED SPECIFICALLY ARE:

A. TAXATION OF U. S. SHAREHOLDERS IN CONTROLLED FOREIGN CORPORATIONS ON CURRENT BASIS WHEN NEW OR ADDITIONAL INVESTMENT IS ALLOWED A TAX HOLIDAY OR SIMILAR
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INCENTIVE BY FOREIGN GOVERNMENT.

B. TAXATION ON CURRENT BASIS OF U. S. SHAREHOLDERS
IN CONTROLLED FOREIGN CORPORATION WHERE NEW OR
ADDITIONAL INVESTMENT IN MANUFACTURING OR PROCESSING OF
PRODUCTS 25 PERCENT OF WHICH EXPORTED TO U. S. SUBJECT TO
SIGNIFICANTLY LOWER TAX RATE.

C. TAKING ACCOUNT OF LOSSES BY FOREIGN BRANCHES OR
SUBSIDIARIES AND REDUCING BY THAT AMOUNT THE FOREIGN TAX
CREDIT CLAIMED ON FOREIGN EARNINGS WHEN REPATRIATED.

2. DEPARTMENT GAVE COPY PROPOSAL TO IRISH EMBASSY
WASHINGTON AND (AS REPORTED SEPTEL) PROPOSAL AND
OTHER DOCUMENTS BEING POUCHED.

3. NO MENTION MADE OF ANY COUNTRY INCLUDING IRELAND IN
TAX PART OF PRESIDENTIAL MESSAGE. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Unique ID: 00
Drafter: WBMILAM
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Handling Restrictions: n/a
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ISecure: 1
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Original Handling Restrictions: n/a
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